Supreme Court, U.S.
FILED

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No.

In the

Supreme Court of the United States

E. RAY CARTER and
CARTER ELECTRIC CORPORATION,
Petitioners,

v.

ENGINEERED PRODUCTS COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Petitioner Carter designed a revolutionary new product. Prior to marketing the product he designed a rocket-like trade dress to make its appearance distinctive. Several national manufacturers recognized the trade dress and either licensed it or made similar products with different trade dresses. The result was much innovative competition in a new market across America, with much product diversity and consumer choice. Reversing the Special Verdict of the Jury below, the Ninth Circuit Court held the product was functional and denied trade dress protection.

1. Did the Ninth Circuit Court of Appeals err by applying a new and more restrictive test for functionality, created to make it more difficult to obtain product trade dress protection, where the new test is in conflict with, and yields results contrary to the test for functionality established by this Court, by most other courts of appeals, and by some of the Ninth Circuit Court's own earlier published opinions?

2. Did the Ninth Circuit err in concluding Petitioners' trade dress was functional, because it includes a few non-essential features that have some usefulness or function, regardless of the large number of cost-effective design alternatives proved to exist, and regardless of the indisputable increase in competition in the new market created by the trade dress?

3. Does the determination of functionality require a careful balance to be struck between the need for source identification and the avoidance of customer confusion, on one hand, and – if there is a conflict – the interests of innovation and competition, on the other, independently of other irrelevant factors and considerations?

4. If the determination of functionality is an issue of fact for the jury to decide, did the Ninth Circuit erroneously substitute its own judgment on that issue for the special verdict of non-functionality rendered by the Jury, pursuant to a proper jury instruction and based on sufficient supporting evidence?

PARTIES TO THE PROCEEDINGS

Including the parties named in the caption of this Petition, the parties are:

Petitioners: E. Ray Carter ("Carter"), an individual.

Carter Electric Corporation ("Carter Electric"), a non-governmental corporate party to the proceedings before the United States District Court for the District of Arizona and the United States Court of Appeals for the Ninth Circuit

Carter Electric Corporation discloses that it is an Arizona corporation, that there are no parent corporations to Carter Electric Corporation, and that there are no publicly held companies which own 10 percent or more of Carter Electric Corporation's stock.

Respondent: Engineered Products Company ("EPCO"), a non-governmental corporate party to the proceedings before the United States District Court for the District of Arizona and the United States Court of Appeals for the Ninth Circuit. Petitioner states that EPCO is a Minnesota corporation and that there are no publicly held companies which own 10 percent or more of EPCO's stock.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

E. RAY CARTER and CARTER ELECTRIC CORPORATION, Petitioners, by undersigned counsel and under the appropriate rules of this Court, request that this Court issue a writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

There are no published opinions in this case. The Special Verdict of the Jury was entered on May 21, 1999, and is attached as Appendix D. The Judgement entered by the District Court on May 25, 1999, was based on that Special Verdict and is attached as Appendix C.

The Opinion and Judgment of the Ninth Circuit Court of Appeals was entered on October 4, 2001 and is attached as Appendix A. The Order denying Petitioners' Petition for a Rehearing en Banc was entered on November 15, 2001, and is attached as Appendix B.

JURISDICTION

The subject matter jurisdiction of the United States District Court for the District of Arizona in this action was founded on 15 U.S.C § 1125(a) and 28 U.S.C. § 1331 and 1338. Subject matter jurisdiction of the Ninth Circuit Court of Appeals in this action was invoked under 28 U.S.C. § 1291.

Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). This Petition was timely filed on or before the date it was due of February 13, 2002.

RELEVANT PROVISIONS INVOLVED

Art. 1, Sec. 8, Clause 8 of the United States Constitution

> The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;
>
> * * *
>
> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;
>
> * * *

15 U.S.C § 1125(a)

False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading

description of fact, or false or misleading representation of fact, which -

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

28 U.S.C. § 1331

Federal question

The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

28 U.S.C. § 1338

Patents, plant variety protection, copyrights, mask works, designs, trade-marks, and unfair competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trade-mark laws.

(c) Subsections (a) and (b) apply to exclusive rights in mask works under chapter 9 of title 17, and to exclusive rights in designs under chapter 13 of title 17, to the same extent as such subsections apply to copyrights.

STATEMENT OF THE CASE

A. The Nature and Facts of the Case.

1. The Key Facts of the Case.

Petitioner Carter created a revolutionary and new, but very simple product on which to mount landscape lighting fixtures near to the ground. See Appendix E. Before he invented his new lighting post, landscape lighting fixtures were typically and haphazardly mounted on junction boxes supported by galvanized pipe. See Appendix F. However, before Petitioners began marketing their new lighting post, Carter decided to create a rocket-like trade dress for his post to make its appearance distinctive. See Appendix G. He did this by adding a slant cut to the bottom of the post, fins on the side of the post, and decorative ribs on a top cap for the post. See Appendix H for the Carter trade dress and Respondent's copy of it.

As the evidence established, the slant cut is an unnecessary feature because it is not used to drive the post into the ground. Further, the trenches required by electrical codes for incoming and outgoing wiring to the post are uniformly deeper than the length of the post so the slant cut is functionally irrelevant. The "stabilizing" fins were also shown by the evidence to be unnecessary because a post of that length is self-supporting, when buried, and many customers consistently discard and do not use the fins. In a survey conducted by Respondent EPCO, only 1 % of those surveyed thought the slant cut was important or significant, and less than 6% thought the fins might help keep the buried

post from tipping. Finally, the ridges in the top cap of the Rocket Post are not necessary to get a grip on the cap, as Respondent EPCO has suggested, but are strictly ornamental. The top cap is held onto the post by a pressure screw in the cap. Dimensional tolerances between the cap and the post are such that, without the screw, the cap readily falls off, as was demonstrated to the Jury at trial.

To reinforce recognition of the distinctive appearance of the new rocket-like lighting post, Petitioners sought and obtained a registration on the trade name under which the post is marketed and came to be recognized, the Rocket Perma-Post®. The Rocket Post was displayed and promoted as looking like a rocket. Several of the major, national manufactures and distributors of landscape lighting fixtures quickly recognized Petitioner's distinctive trade dress and entered into license agreements with Petitioners to manufacture and sell the product, using Petitioners' trade name as well. Other new competitors, either independently, or under threat of suit if they copied, began manufacturing and selling landscape lighting posts which served the same function and used the same features, but presented different trade dresses that did not infringe on Petitioners' trade dress. For a few examples, see Appendices I, J, K and L. Indeed, after judgment was entered against it for trade dress infringement, even Respondent EPCO developed its own non-infringing landscape lighting post. See Appendix L.

Unlike other competitors, who either licensed Petitioners' Rocket Post or adopted the same features, but gave their posts different trade dresses (See Appendices I, J and K), Respondent EPCO copied Petitioners' Rocket Perma-Post® down to the screw holes on the fins which EPCO could not figure out how to use. (Petitioners use them solely for packing the fins against the post for shipment, so they can be readily assembled or discarded.) The design of Respondent's copycat post used the same dimensions as the Rocket Post. See Appendix O. EPCO even sought to have its rocket cap made the same color of white as that of Petitioners, forwarding a sample rocket cap of Petitioners to EPCO's proposed manufacturer. See Appendix P. After copying Petitioners' Rocket Post, EPCO's sales staff told

distributors that they manufactured the same rocket post as Petitioners. Much palming off occurred. EPCO did not adopt a trade name for its post, so it could be sold in response to requests or orders for a Rocket Post or Perma-Post, as customers often called it.

2. Some Other Facts Relevant to the Case.

A word is required on safety. In the market for the landscape light fixtures that go on top of the posts, two types have been sold. The first and older type of light fixture does not include, as a part of the fixture, its own third grounding wire. These are referred to as two-wire fixtures. They are still being sold. More recently, a larger percentage of the landscape light fixtures sold are three-wire fixtures, which do include their own grounding wire. Petitioners' first version of the Rocket Perma-Post® was suitable for two-wire landscape lighting fixtures without a grounding wire, because the Rocket Post afforded an internal means to ground a two-wire light fixture, to avoid the risk of deadly shock. However, Petitioners' also make a second version of the Rocket Post without the patented internal grounding mechanism, which includes a safety sticker, explaining that the post should be used only with three-wire fixtures having their own grounding wire. The issue is of particular importance in most areas of the United States where lawns become wet, because shock can be a deadly hazard, especially for children playing on lawns. The Respondent's copycat post included no safety or warning sticker and no means for grounding two-wire light fixtures.

For a sectioned view of the version of the Rocket Post with the patented internal grounding mechanism, see Appendix M. Because the hub and grounding wire are internal to this Rocket Post, the patented feature does not affect the overall appearance or the trade dress of the Rocket Post (in either version). It can only be seen by looking into the bottom or top of the Rocket Post, which customers seldom do. The patented aspect of the Rocket Post became a red herring and a source of much confusion in the case below. Aside from the concealed, patented feature, the

remainder of the Rocket Post is not patent protected and Petitioners have not claimed otherwise.

It should also be pointed out that little of what goes into the making of either Rocket Perma-Post® can be purchased at a local hardware store. The fins and top cap of the post are injection molded. Two molds, each costing approximately $5,000, have to be designed and made first. The design of each mold can be arbitrarily made in virtually any shape or configuration for both the top cap and the fins without added cost for the molds. See Appendix N. The cost of the injected material is minimal relative to the amortized fixed cost of the molds and the labor costs attending the injection processes. The post portion of the Rocket Perma-Post® is not standard PVC. It is manufactured by an extrusion process that requires first mixing the appropriate color into the plastic material. Finally, the slant cut can be made at virtually any angle, made in a different manner (See Appendix N), or not made at all (See Appendices E and I). The angle, or indeed the slant cut itself, has no real purpose or function inasmuch as all known electrical codes require a trench be dug for the post wiring that is deeper than the length of the post itself. Mr. Carter understood this point well, from his long service on the Electric Code Committee of the City of Phoenix. Only the screws used to pack the unassembled fins with the post and to secure the top cap may be bought at a local hardware store.

As was explained at trial, Petitioners' claim of trade dress for the Rocket Perma-Post® was not to exclude others from using the same features. Petitioners simply wanted competitors to use a different angle of slant cut, fins of a different shape and/or size, and not copy the shape of, or same number of ridges on the top cap. Color was not really an issue. Petitioners are not claiming exclusivity for the features of the Rocket Post, only for the appearance of those specific features on the Rocket Post.

B. The Proceedings Below

1. Proceedings in the District Court

This action was tried to a jury which rendered the Special Verdict attached as Appendix D, finding Petitioners' trade dress was non-functional. Pre and post verdict Motions for Judgment as a Matter of Law by Respondent were denied. Judgment was entered in accordance with the Special Verdict. See Appendix C.

2. Proceedings in the Ninth Circuit Court of Appeals

The Ninth Circuit Court of Appeals reversed the Judgment entered by the District Court in a two page opinion which, in substantive part, reads as follows:

> . . .We conclude that Carter failed to prove that the design of the Perma-Post was non-functional, and we therefore cannot sustain a fining that EPCO is liable for trade-dress infringement. See ***Leatherman Tool Group, Inc. vs. Cooper Indus., Inc.***, 199 F.3d 1009 (9th Cir. 1999); ***Disc Golf Ass'n., Inc. vs. Champion Disks, Inc.***, 158 F.3d 1002, 1005 (9th Cir. 1998). . . .

No other explanation was provided.

The Petition for Rehearing en Banc raised five issues: (1) the Ninth Circuit Panel's decision substituted its own judgment on the factual issue of functionality for the Jury's Special Verdict; (2) the Panel's decision is contrary to and would appear to overrule ***Vuitton et Fils, S. A. vs. J. Young Enterprises, Inc.,*** 644 F.2d 769 (9th Cir. 1980) and ***Clamp Mfg. Co., Inc. vs. ENCO Mfg. Co.***, 870 F.2d 512 (9th Cir) *cert. den.*, 493 U.S. 872; (3) the Panel's decision ignored the new market and the competition and the consumer choice in that market created by Petitioner's trade dress; (4) the Panel's reversal is not supported by the holdings in the

two cases cited; (5) the Panel's use of an unpublished opinion, in light of published contrary circuit authority, denied Petitioners Equal Protection under the law. The Petition for Rehearing en Banc was denied on November 15, 2001, and this Petition timely followed.

REASONS FOR GRANTING THE WRIT

I. THE NINTH CIRCUIT COURT OF APPEALS ERRED IN THREE KEY REGARDS.

A. The Ninth Circuit's Ruling is Contrary to this Court's Decision in Traffix Devices, Inc. vs. Marketing Displays, Inc., Other Cases in Other Circuits, and the Ninth Circuit's Own Earlier Opinions.

The holding of the Appellate Court in this case, as quoted above, makes it clear that the Ninth Circuit Court is repudiating the functionality analysis of this Court in ***Traffix Devices, Inc. vs. Marketing Displays, Inc.,*** 532 U.S. 23 (2000), and in other cases, not only generally, but also on the specific conclusion of this Court in ***Traffix*** that features of a product which are not essential to the use or purpose of the article may be accorded trade dress protection. (121 S.Ct. at 1261)

In deciding this case, the Ninth Circuit Court cites its decisions in ***Disc Golf Ass'n, Inc. vs. Champion Discs, Inc.***, 158 F.3d 1998 (9th Cir. 1998) and ***Leatherman Tool Group, Inc vs. Cooper Industries***, 199 F.3d 1009 (1999), but in effect, by adopting the new functionality rule it does in those cases, the Appellate Court overrules its earlier decisions, including ***Clamp***, and places itself in conflict not only with other circuits, but also with the decisions of this Court on functionality. This case is the first in the Ninth Circuit Court to apply these views after, and notwithstanding, this Court's opinion in ***Traffix***.[1]

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[1] We do not suggest that ***Leatherman*** and ***Disc Golf*** are wrongly decided; however, the new functionality test adopted by the Ninth Circuit in those

In ***Disc Golf***, the Ninth Circuit Court's new test to determine functionality addresses the following factors: " (1) whether the design yields a utilitarian advantage; (2) whether alternative designs are available; (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture." (158 F.3d at 1006). This test is similar to that in ***Morton-Norwich Products, Inc.***, 671 F.2d 1332 (C.C.P.A. 1982), but, as the Ninth Circuit Court applies it, the test is contrary to this Court's opinions in ***Traffix***, ***Inwood Laboratories. Inc. vs. Ives Laboratories, Inc.***, 456 U.S. 844 (1982), and ***Qualitex Co. vs. Jacobson Products Co.***, 514 U.S. 159 (1995), and it turns the doctrine of functionality on its head.

Under the Ninth Circuit's new test, functionality is made to depend too much on the presence of any feature that has any use or function, regardless of whether "it is essential to the use or purpose of the article." ***Trafflx***, 121 S.Ct. at 1261. The test is also biased toward a finding of functionality where, as here, the design at issue results from a "simple or inexpensive method of manufacture." Trade dress law does not preclude protection of functional features which are incidental or non-essential or where many cost-effective alternatives are available, regardless of whether they are cheap and simple. ***Trafflx***, ***Inwood Laboratories*** and ***Qualitex***.

The Ninth Circuit Court in ***Disc Golf*** also makes a co-equal element in determining functionality, the question of whether "advertising" touts a utilitarian advantage of the design, thus placing undue emphasis and importance on the puffery inherent in most advertising. (See 158 F.3d at 1006). This notion of quasi-estoppel is sophistry of the worst sort, and is unrelated to the policies and interests intended to be addressed by the functionality doctrine. It is virtually unimaginable that manufacturers would advertise their products as having useless and superfluous features for

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cases was not necessary to decide them correctly and was largely dicta, but that dicta is used to create a holding here.

which the consumers are expected to pay. Such advertising is unheard of.

The Ninth Circuit Court understands full well its new functionality test is in conflict with the decisions of this Court and others, as well as its own earlier opinions, e.g., ***Clamp***. The Appellate Court explains why it is taking this new tack in ***Leatherman,*** 199 F.3d at 1012. Although the Patent Clause expressly addresses the importance of innovation and artistry and it is the foundation for the judicially created functionality doctrine, the Ninth Circuit Court in ***Leatherman*** rejects the notion that a purpose of unfair competition law (i.e., trademark law and functionality) is to protect and encourage innovation, and, as the Ninth Circuit Court goes on to explain, it is therefore necessary to make it more difficult to obtain protection for product configuration trade dresses than for other forms of trade dress. *Id.* This is a position that has not been adopted by this Court. There is a conflict on the definition and application of the functionality doctrine between, on one hand, this Court, several other circuit courts (as explained below), and earlier Ninth Circuit law, and, on the other, the Ninth Circuit Court's present position on how the functionality doctrine should be defined and applied in cases involving product configuration trade dress, especially in this case.

As the opinion of the Ninth Circuit Court in this case makes clear, that Court is adhering to the rule and analysis it articulated, but did not really apply in ***Disc Golf*** and ***Leatherman***, and is now repudiating the functionality rule and analysis articulated by this Court in ***Inwood Laboratories, Qualitex*** and ***Traffix*** and by other courts of appeals as well. This is not a conflict this Court should let pass.

B. The Ninth Circuit Misunderstood the Patent Element Unnecessarily Introduced in this Case.

The holding of ***Disc Golf*** is far narrower than its overly broad dicta. It is that where a patent protecting one

aspect of a feature of a product expires, trade dress protection may not then be sought for the same aspect of that feature. This holding has no bearing on the present case, but the dicta in ***Disc Golf*** creates the Appellate Court's holding here.

The patented feature of one version of the Rocket Perma-Post® is not a part of its trade dress. As Appendix M makes clear, the patented feature is internal to that version of the Rocket Post and is not a part of its overall appearance. Yet, the Ninth Circuit Court seemed confused by the patent, not only on this level, but on another level as well. To be sure, the entire Rocket Post is described in the Carter patent application, but only the core patent claim on the internal feature is protectable, not the remainder of the post described, the appearance of which is its trade dress. In ***Disc Golf***, the feature sought to be trade dress protected was the parabolic shape of the chain, which was (a) a key part of the appearance of the product itself, and (b) the feature formerly protected by a patent. Neither condition exists in this case.

There is an indication here that the Ninth Circuit Court misunderstood the patent aspect of this case. Its citation to ***Disc Golf*** could be read to suggest that. Further, during oral argument, the Court suggested that the language in the Carter patent itself, like advertising language, created a crude form of quasi-estoppel, without understanding that only the core claim on the internal grounding mechanism of the patent is afforded protection under the patent law. In any event, such an argument should have no place in the analysis of functionality, in light of the true policies and considerations involved, because it is irrelevant and it is used to subvert those policies and considerations, as will be shown.

C. The Ninth Circuit Substituted Its Own Judgment on the Factual Issue of Functionality for the Special Verdict of the Properly Instructed Jury and Did so Contrary to the Supporting Evidence.

With little more than a wave of the hand (some two pages of text), the Ninth Circuit Court reversed and substituted its own judgment for the Special Verdict on non-functionality rendered by the Jury in this action, pursuant to a proper instruction on functionality and that was properly supported by substantial evidence in this case. It has long been known that the issue of functionality is a question of fact. ***John H. Harland Co. vs. Clarke Checks, Inc.***, 711 F.2d 996, 982 (11th Circuit 1983). It is clear, as a matter of law, that a court of appeals may not substitute its own finding or judgment for that of the trier of fact on the question of functionality, as the Second Circuit Court of Appeals had done in ***Inwood Laboratories, Inc. vs. Ives Laboratories, Inc.***, 456 U.S. 844 (1982). In ***Inwood Labs,*** this Court stated that the Court of Appeals erred in setting aside findings of fact that were not clearly erroneous on functionality, and it reversed, in part, on that basis, noting that the Court of Appeals was not entitled to simply dismiss the trier of facts' finding on functionality. Yet, that is exactly what was done as well in this case, but this time by the Ninth Circuit Court of Appeals.

The Ninth Circuit Court of Appeals did not suggest that the Jury below was not properly instructed on functionality, nor is there any genuine argument that the Special Verdict of the Jury on non-functionality is not supported by the evidence. Indeed, the evidence recounted above is that the slant cut, the fins and the shape and ridges of the top cap of the Rocket Perma-Post® are non-essential features intended to make the product look like a rocket, as its trade name implies. In these circumstances, the Court of Appeals may not repudiate the Special Verdict on non-functionality and substitute its own finding or judgment for that of the Jury. ***Inwood Laboratories***, 456 U.S. at 857-58.

II. THE FEDERAL COURTS APPLY DIFFERENT TESTS TO DECIDE FUNCTIONALITY IN TRADE DRESS CASES.

The range and variety of inconsistent and sometimes conflicting tests for functionality applied by the federal courts are quite remarkable, especially across the circuits:

> In general terms, a product feature is functional and cannot serve as a trademark if it is essential to the use or purpose of the article or if it affects the cost or quality of the article. ***Qualitex Co. vs. Jacobson Products Co.***, 514 U.S. at 165, quoting ***Inwood Laboratories, Inc. vs. Ives Laboratories, Inc.***, 456 U.S. 844, 850, n.10 (1982);

> The considerations for determining functionality are whether a claimant has obtained any utility patents (existing or expired); whether the claimant touts the utilitarian advantages of the design through advertising; whether feasible alternative designs are available; and whether the particular design results from a comparatively simple or cheap method of manufacturing the article. ***Morton-Norwich Products, Inc.***, 671 F.2d 1332 (C.C.P.A. 1982);

> In the Second Circuit, it must be proved that a defendant would be placed at a significant competitive disadvantage if not allowed to use the plaintiff's trade dress. ***Fun-Damental Too Ltd. vs. Gemmy Indust. Corp.***, 111 F. 3d 993, 1002 (2d Cir. 1997) and unreported cases. A functional feature is one that is essential to use or purpose or affects the cost or quality of the article, and a design feature

affecting the cost or quality of a product is one which permits the article to be manufactured at a lower cost. ***Stormy Clime, Ltd. vs. ProGroup, Inc.***, 809 F.2d 971, 977 (2d Cir. 1987);

As the Fifth Circuit explains it, a feature is functional if it is one that is costly to design around or do without, rather than one that is costly to have. ***Sunbeam Prods. vs. West Bend Co.***, 123 F.3d 246, 297 (5th Cir. 1997);

In the Seventh Circuit, the functionality doctrine has been stated as follows: "But if the feature is not ornamental or fanciful or whimsical or arbitrary, but is somehow intrinsic to the entire product consisting of this manufacturer's brand and his rivals' brands, trademark protection will be denied. The name of this principle is functionality . . ." ***W.T. Rogers Co. vs. Keen,*** 778 F.2d 334, 339 (7th Cir. 985);

In the Eight Circuit, a trade dress is non-functional if it is an arbitrary embellishment primarily adopted for purposes of identification and individuality. If the feature is an important ingredient in the commercial success of the product, the trade dress is functional. ***Children's Factory vs. Benee's Toys***, 160 F.3d 489, 494 (8th Cir. 1998);

In the Ninth Circuit, to determine whether a product feature is functional several factors must be considered: (1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether

> advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture. ***Disc Golf***, 158 F.3d at 1006, and ***Leatherman***.

> The Eleventh Circuit states that a design is functional if it one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trade dress protection. ***Epic Medals Corp. vs. Condec, Inc.***, 99 F.3d 1034, 1039 (11th Cir. 1996)

It is virtually impossible to imagine that application of each of the foregoing formulations of the functionality doctrine would yield the same result in the same case.

As the Ninth Circuit Court's opinion in this case makes clear, the Circuit Court is holding to its position, notwithstanding the decisions of this Court in ***Inwood Laboratories*** and more recently in ***Trafflx***. The Ninth Circuit should abide by the law of the land, but that law should be clarified.

III. THE FEDERAL COURTS NEED A GENERAL, CONSISTENT AND COMPREHENSIVE TEST FOR FUNCTIONALITY UNDERSTANDABLE TO ALL.

Trade dress deals with appearances, typically of features or components which comprise that for which trade dress protection is sought. It is the "look" of the thing that matters, not the thing itself. There is a distinction to be drawn between alternative appearances and the performance of different useful purposes. Sometimes the issues are confused.

The functionality doctrine derives from Article I, Section 8, Clause 8 of the U.S. Constitution which empowers Congress "To promote the Process of Science and Useful Arts, by securing for a limited time to authors and inventors the exclusive Right to their respective Writings and Discoveries." As this Court explained in ***Bonito Boats, Inc. vs. Thundercraft Boats, Inc.***, 489 U.S. 141 (1989), this so-called "Patent Clause" was intended by the framers to effectuate a balance between the need to encourage invention and artistry, on one hand, and the need to avoid monopolies that stifle competition, on the other. Note that the monopolies precluded are not all monopolies, but only those that stifle competition. As will be made clear, the allowance of some small monopolies will not only encourage invention and artistry, but actually promote competition and the goals of competition, a point that has been too much overlooked in functionality analysis. As Thomas Jefferson put it, in addressing the Patent Clause, the law sets about the difficult business of "drawing a line between things which are worth to the public the embarrassment of [exclusivity] and those which are not." 13 **WRITINGS OF THOMAS JEFFERSON** (Memorial ed. 1904), p. 335. Mini monopolies which create new markets and promote competition and consumer choice are no embarrassment to the public, but are a benefit to it, as explained below.

Too often, in assessing functionality, federal courts loose sight of the relevant interests and policies to be considered and balanced, and then apply one or another fragment of dicta to arrive at results viscerally sought, but seldom well explained. That is the present situation, but it need not be so. Working from the policies and interests involved, a coherent, general functionality doctrine can be formulated which eliminates the inconsistent approaches adopted by the circuit courts and especially the willful Ninth Circuit Court of Appeals. However, in order to reach that goal, a key point that should be recognized is that the "mere possession of a function (utility) is not sufficient reason to deny protection." ***In re Deister Concentrator Co.***, 289 F.2d 496, 506 (C.C.P.A. 1961). As Judge Posner put it in ***W.T. Rogers Co. vs. Keene***, 778 F.2d at 338, ". . . Perhaps, indeed,

the rule should be that functional features can be protected where necessary to prevent confusion, unless competition is unduly hindered. See Note, **The Problem of Functional Features: Trade Dress Infringement Under Section 43(a) of the Lanham Act**, 18 Colum. L. Rev. 77, 81-93 (1982)."

As heretical as this sounds, it is undeniably true, from a careful examination of many cases upholding the protectability of one or another form of trade dress. It is also true regardless of the often-referenced dictum that 'only non-functional trade dress can be protected.' See e.g., ***Le Sportsac, Inc. vs. Kmart Corp.***, 754 F.2d 71, 75 (2d Cir. 1985). Once the proposition is accepted that sometimes functional features or aspects may be a part of a protectable trade dress, the proper query can then be addressed of when and under what circumstances may that occur.

A. The Policies and Considerations Underlying the Functionality Doctrine in Trade Dress Cases.

As the quotation from ***Keene*** indicates, first principles and important considerations are often overlooked in applying the functionality doctrine. It is imperative for coherency and sound results to keep the interests and policies underlining the doctrine in mind as first principles. Most generally, those policies and interests turn on (1) the impact on competition in the relevant market, (2) the avoidance of customer confusion and unfair competition in that market; and, less significantly, as will be shown, (3) the impact on the patent process.

When addressing the impact on competition, there are two important considerations, the first typically, but differently addressed, and the other, too often ignored. The first is (a) the ease of entry by new competitors, if a trade dress with functional elements is protected, and (b) the more general impact on innovation and competition in the relevant market, if the trade dress is protected. A proper analysis

should consider both (a) and (b). Typically only (a) is addressed.

Parenthetically, it should be noted the law endeavors to balance interests and policies that sometimes conflict under the unfortunate rubric of the 'functionality doctrine.' Referring to the doctrine as such, biases the inquiry unduly as does having the burden of proof for non-functionality on the proponent claiming a protectable trade dress. Both induce the adversarial goal of showing some aspect or feature of the trade dress has some utility or function. The analysis often devolves from there, with the central policies and interests at issue falling by the wayside. The distinction between de facto functionality and de jur functionality, adopted by the now Federal Circuit in ***Morton-Norwich Products, Inc.***, 671, F.2d 1332 (C.C.P.A. 1982), only serves to bury the distinction in an ancient tongue. The key point to recognize here is that, depending on the circumstances, the appearance of useful and functional features may be protectable in a trade dress. The name of the doctrine applied could not be permitted to undermine its sensible application, in light of the policies involved.

B. The Ease of Entry and Competition by New Competitors.

Many courts understand this policy goal reasonably well. The usual formulation, or one of them, is that, for a trade dress to be functional, allowing exclusive use of it, protection of the trade dress must not "put competitors at a significant non-reputation-related disadvantage." ***Qualitex***, 514 U.S at 165, quoted with approval in ***Traffix***, 121 S.Ct. at 1261. This formulation recognizes that when there are few cost-effective competitive design alternatives available, the "exhaustion" problem sets in, and new competitors are restricted in number or subject to unfair competitive disadvantages.

The central notion here is that where there is a broad continuum of many possible alternative appearances for a feature or aspect of a claimed trade dress, having the same

usefulness or serving the same function without unreasonable competitive disadvantage, the functionality doctrine allows protection of the trade dress. This is true regardless of the patent laws. There is no competitive disadvantage to doing so. As the number of cost-effective design alternatives goes up, more different trade dresses may be protected. There is a tradeoff. Where there are fewer cost-effective alternatives for a feature, the more important the utility or functioning of that feature becomes. The analysis looks to intersecting ranges of usefulness, on one hand, and design alternatives, one the other, across different possible trade dresses. But that is not the only consideration in assessing the impact on competition of allowing trade dress protection.

C. The Promotion of Innovation and Competition in the Relevant Market.

Innovation and artistry are protectable interests under the so-called Patent Clause, but are too often neglected or overlooked in application of the derivative functionality doctrine, in the context of the Lanham Act. Innovation and competition in the broader market may in fact be promoted by the allowance of trade dress protection, even where mini-monopolies for particular designs are created, because of the resulting new and differentiated products and the competition between them. Product diversity and consumer choice are important goals of competition policy. Uniform and fungible products, reminiscent of goods in the former Soviet Union, can readily develop where the functionality doctrine is misused to deny trade dress protection and to permit mindless copycatting. Innovative competition can arise not only from new competitors, but as well from competitors already in the broader general market. Too often, the classical functionality analysis of trade dress ignores these considerations, but they can have a very substantial and beneficial impact on competition in the relevant market.

Daniel J. Gifford has explained the matter well in his article, **The Interplay of Product Definition, Design and Trade Dress**, 75 Minn. L. Rev. 769 (1991):

> Competition in product design furthers the social interest in maximizing consumer choice. This furtherance of consumer choice is compatible with consumer interests in price competition so long as no producer corners the market on attractive designs. So long as there is no limit on potentially attractive designs, no one producer will be able to exploit its own design for more than the premium commanded by the relative value of that design vis a vis all other designs in competition with it: it is the premium commanded by a differentiated product in competition with other products. Moreover, all producers are subject to price competition from rivals offering alternative designs and from those producers who choose to market undifferentiated ("generic") products . . .

Similarly, Judge Posner in ***W.T. Rogers Co. vs. Keene***, 778 F.2d 334 (7th Cir. 1985), comments favorably on such mini-monopolies, because they induce otherwise partially precluded competitors to Chestertonian innovation and an ensuing plethora of alternative trade dress designs. Where copy-catting and unfair competition are allowed to become the norm, there is little incentive but to go along, and the market is slighted. See, ***Le Sportsac, Inc. vs. Kmart Corp.***, 754 F.2d at 77 (2d Cir 1985) and ***Brunswick Corp. vs. Spinit Reel Co.***, 832 F.2d 513, 519 (10th Cir. 1985). See also W. Landis and R. Posner, **The Economics of Trademark Law**, 78 Trademark Reporter 267 (1988). The policy urged affords recognition to G.K. Chesterton's comment in **SIMPLICITY AND TOLSTOY**, p. 61 (1912) on the "Noble instinct for giving the right touch of beauty to common and necessary things." Product diversity and appearance are no small matters of

importance to the American consuming public, which is the principal engine of economic growth in this country.

It is not enough to glibly note there are relatively few cost-effective alternatives and then apply the functionality doctrine to preclude trade dress. Promotion of innovation and ingenuity is also a central goal of the misnamed Patent Clause and of the Lanham Act, and those goals are often not expressly considered in applying the functionality doctrine; neither is the broader concept of competition raised here.

D. The Avoidance of Confusion and Unfair Competition in the Market Place.

Courts should also, but seldom do, keep in mind that when they find functionality in some instances or a close case, they not only subvert the goals of diverse and innovative competition under the Patent Clause, but they also undermine the purposes of the Lanham Act. Confusion in the market place is thereby allowed and encouraged, often with attendant unfair and bad faith competition, and little gain in any other direction. This is particularly true where quasi-estoppel considerations such as advertising, with its attendant puffery, and patent claims, other than the core, protectable claim, are introduced into the analysis. These are irrelevancies that do not address the basic policy and legislative considerations involved. The same is true when one element in deciding functionality is made to be whether the product feature or aspect has any use or has a utilitarian purpose. The analysis goes astray. The result is to discourage artistry and innovation and forego expanded markets, enhanced competition, and greater product diversity and consumer choice, while inviting confusion and unfair competition in repudiation of the Patent Clause, the Lanham Act and federal competition policy.

Confusion of ordinarily prudent purchasers compromises the interests of buyers and sellers alike, even when it is benign. Sellers loose sales they should not, and buyers wind up with purchases different from what they sought. Where confusion is induced by unfair competition, in

the form of palming off or the like, unfair advantage is taken of the situation. While normally these considerations are thought to be a part of an analysis of the likelihood of confusion, they impact and bear upon the prospective state of competition in the market and therefore have a direct bearing on functionality analysis as well. The core issue in determining trade dress protection should be the nature of prospective competition in the relevant market, along the many dimensions suggested here.

In close or debatable situations involving functionality determinations, it is a mistake to undermine these well established policies, especially where a new market has been created, competition has flourished, and there is great diversity of products and consumer choice. It is bad public policy to no good or worthy end.

E. The Avoidance of Unreasonable Impact on the Patent Process.

This patent process consideration is largely a red herring in trade dress analysis. Cases in which a manufacturer is shown to have sought trade dress protection, after being denied a utility patent are virtually unheard of. The same is largely true for design patents, where the law is generally recognized to be unduly restrictive. The prospect of untoward impact on the patent process is not a real or practical concern, except in one class of trade dress cases.

The one area of abuse, already addressed by the courts, is where those holding expired patents attempt to end run the patent law and seek protection for the same product features under trade dress law. See ***Traffix Devices, Inc. vs. Marketing Displays, Inc.***, 532 U.S. 23 (2000) and ***Disc Golf Association, Inc. vs. Champion Discs, Inc.*** 158 F. 2d 1002 (9th Cir. 1998). This area of abuse has been well addressed by the courts, is obvious, and should not remain a practical problem.

The analysis suggested does not posit any threat to the patent process as a practical matter. To the extent that the functionality doctrine under the Patent Clause has been

imported into the law under the Lanham Act, there is no reason that the Act may not be thereby used to encourage innovation and artistry for competition in regard to trade dress as well. It is in the best interests of competition and the consuming public. There is no doctrine of precluded equivalents in trade dress law. Just the opposite is the case. Patent law is largely reserved for original, non-obvious and typically technical inventions, having little to do with appearances *per se*, the subject of trade dress. For that reason, and because of the common source of the functionality doctrine under both trade dress law and patent law, patent law should not be construed to preempt all innovation and artistry that can be visited on the appearances of products, packaging and places of business under trade dress law. We should not seek a dull world. The experience of the Soviet Union and eastern block countries has taught us that.

F. The Prospect at Hand.

From the forgoing considerations and analysis, a general and understandable statement of the functionality doctrine applicable in trade dress cases can be readily developed to aid the lower courts in applying that doctrine. At the same time, the errors in the Ninth Circuit Court's position can be corrected, eliminating the conflict of that Appellate Court with this Court and with the other circuit courts.

CONCLUSION

THEREFORE, Petitioners E. RAY CARTER and CARTER ELECTRIC CORPORATION request of this Court that it GRANT their Petition for a writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

RESPECTFULLY SUBMITTED,

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(Any footnotes trail the end of each document.)
NOT FOR PUBLICATION
No. 00-15735

D.C. No. CV-96-00833-SMM

UNTTED STATES COURT OF APPEALS
FOR THE NTNTH CIRCUIT

E. RAY CARTER; CARTER ELECTRIC CORPORATION,

Plaintiffs-Appellants,

V.

ENGINEERED PRODUCTS COMPANY,

Defendant-Appellee.

No. 00-15736 D.C. No. CV-96-00833-SMM

E. RAY CARTER; CARTER ELECTRIC CORPORATION,

Plaintiffs-Appellees,

V.

ENGINEERED PRODUCTS COMPANY, Defendant-Appellant.

MEMORANDUM*
Appeal from the United States District Court
for the District of Arizona
Stephen M. McNamee, District Judge, Presiding

Argued and Submitted September 11, 2001
San Francisco, California

Before: POLITZ,** and W. FLETCHER, and FISHER, Circuit Judges.

In the late 1980s, Carter Electric Corporation and E. Ray Carter (collectively, "Carter") designed and began to produce the Rocket Perma-Post ("Perma-Post"). The Perma-Post is a polyvinyl chloride plastic post that supports outdoor lighting fixtures. In 1989, Carter obtained a utility patent for the PermaPost. Meanwhile, Engineered Products Co. ("EPCO") started producing its own version of the Perma-Post. EPCO specifically avoids using the patented metal bushing of the Perma-Post, but copies most of the remaining elements with only minor variations. EPCO sells its lighting posts under its own name and for resale under the names of other producers. EPCO does not pay any licensing fees to Carter.

On April 4, 1996, Carter filed a complaint in federal district court alleging trade dress infringement under the Lanham Act. The district court denied EPCO's motion for summary judgment and Carter's requests for a jury trial, but on the eve of a bench trial, this court granted Carter's petition for mandamus and ordered that the trial proceed by jury. During the jury trial, the district court granted EPCO's motion for judgment as a matter of law on the issue of willful infringement. On May 21, 1999, the jury found EPCO liable for trade dress infringement of the Perma-Post, and determined actual damages in the amount of $207,797. After entry of judgment, EPCO brought a renewed motion for judgment as a matter of law, and Carter filed a motion to amend the judgment to include additional relief. The district court denied both motions, as well as Carter's motion to reconsider. Carter appeals, and EPCO cross-appeals.

We have carefully considered the record in this case and hold that the district court erred in denying EPCO's motion for judgment as a matter of law. We conclude that Carter failed to prove that the design of the Perma-Post was nonfunctional, and we therefore cannot sustain a finding that EPCO is liable for trade dress infringement. See Leatherman Tool Group, Inc. v. Cooper Indus., Inc., 199 F.3d 1009 (9th Cir. 1999); Disc Golf Ass'n, Inc. v. Champion Discs, Inc., 158 F.3d 1002, 1005 (9th Cir. 1998). Because of our holding on the trade dress issue, there is no need to reach the other issues in the case. Accordingly, the judgment of the district court is

REVERSED.

*This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as may be provided by Ninth Circuit Rule 36-3.

**Honorable Henry A. Politz, Senior Circuit Judge for the Fifth Circuit, sitting by designation.

NOT FOR PUBLICATION
No. 00-15735

D.C. No. CV-96-00833-SMM

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUTT

E. RAY CARTER; CARTER ELECTRIC CORPORATION,

Plaintiffs-Appellants,

V.

ENGINEERED PRODUCTS COMPANY, Defendant-Appellee.

No. 00-15736 D.C. No. CV-96-00833-SMM

F. RAY CARTER; CARTER ELECTRIC CORPORATI ON,

Plaintiffs-Appeuees,

V.

ENGINEERED PRODUCTS COMPANY, Defendant-Appellant.

ORDER

Before: POLITZ,[1] W. FLETCHER, and FISHER, Circuit Judges.

The panel has voted to deny the petition for rehearing. Judges W. Fletcher and Fisher have voted to deny the petition for rehearing en banc; and Judge Politz so recommends.

The full court has been advised of the petition for rehearing en banc and no judge of the court has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for rehearing and the petition for rehearing en banc are DENIED.

Footnotes

[1]Honorable Henry A. Politz, Senior Circuit Judge for the Fifth Circuit, sitting by designation.

CIV 96-833 NIX SMN

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

E. RAY CARTER and CARTER ELECTRIC CORPORATION,
Plaintiff,

vs.

ENGINEERED PRODUCTS COMPANY,

Defendant.

JUDGMENT

X Jury Verdict. This action came before the Court for trial by jury. The issues have been tried and the jury has rendered its verdict.

Decision by Court. This action came for consideration before the Court. The issues have been considered and a decision has been rendered.

IT IS THEREFORE ORDERED AND ADJUDGED that the jury having determined that Plaintiffs were damaged by Engineering Products Company's use of its trade dress for its landscape posts, judgment is hereby entered for Plaintiffs in the amount of $207,797.00.

Date: May 25, 1999

cc: all counsel
Clerk/DCE

(By) Deputy Clerk
L. Dixon

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

E. RAY CARTER and CARTER ELECTRIC CORPORATION,

Plaintiff,

vs.

ENGINEERED PRODUCTS COMPANY,

Defendant.

No. CIV 96-833-PHX-SMM
VERDICT FORM

We the Jury in the above-captioned case, answer the questions submitted to us as follows:

Question 1: Have plaintiffs proven by a preponderance of the evidence that trade dress of the Rocket Perma-Post® product is non-functional? Yes

Question 2: Have plaintiffs proven beyond a preponderance of the evidence that the trade dress of the Rocket Perma-Post® is either inherently distinctive or has acquired secondary meaning? Yes

Question 3: Have plaintiffs proven by a preponderance of the evidence that EPCO's use of its trade dress for its landscape lightpost product created the likelihood of confusion between EPCO's landscape lightposts and the Rocket Perma-Post®? Yes

Answer questions 4 and 5 only if you have answered "Yes" to questions 1,2, and 3. If you have answered "No" to any of those questions, the foreperson should sign and date the form and inform the bailiff or clerk.

Laches Defense

Question 4: Has EPCO proven by a preponderance of the evidence that (a) plaintiff had knowledge of EPCO's use of the trade dress for its landscape lightpost, (b) that after acquiring that knowledge plaintiffs unreasonably and inexcusably delayed in taking action with respect to EPCO's use of that trade dress, and (c) that EPCO was unduly prejudiced or harmed by the delay? No

Acquiescence defense

Question 5: Has EPCO proven by a preponderance of the evidence that (a) plaintiff either expressly or impliedly provided assurances to EPCO that it would not sue EPCO or EPCO's use of its landscape lightpost trade dress, (b) plaintiffs delay between providing any such assurance and filing suit was unreasonable and inexcusable, and (c) plaintiffs' delay cause EPCO undue prejudice? No

If you answered either question 4 or 5 "Yes," the foreperson should sign and date the form and inform the bailiff or clerk. If you answered "No" to questions 4 and 5, then answer question 6.

Question 6: Were plaintiffs damaged by EPCO's use of its trade dress for its landscape lightposts? Yes

Question 7: What amount of money will reasonably and fairly compensate plaintiffs for any damage you find was caused to plaintiffs by EPCO's use of its trade dress? $207,797

DATED this 21 day of May, 1999.
Jury Foreperson